

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Peck	County Sanilac County
Fiscal Year End March 31, 2008	Opinion Date May 9, 2008	Date Audit Report Submitted to State May 16, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

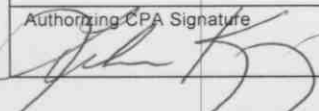
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	Communication with Those Charged with Governance.	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.	Telephone Number 989-635-3113		
Street Address 3531 Main Street	City Marlette	State MI	Zip 48453
Authorizing CPA Signature 	Printed Name Lehn L. King, C.P.A.	License Number A248781	

# *Village of Peck*

**Sanilac County, Michigan**

Audited Financial Report  
March 31, 2008

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

**Village of Peck**  
Annual Financial Report  
For The Fiscal Year Ended March 31, 2008

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# LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

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Honorable Village Council  
**Village of Peck**  
Sanilac County, Michigan

## **Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Peck, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Peck, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Peck, Michigan as of March 31, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Peck, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.



Lehn L. King  
**Certified Public Accountant**

May 9, 2008

# Village of Peck

## Peck, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Village of Peck's financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Village's financial statements.

#### Financial Highlights

The General Fund for the Village of Peck had a fund balance of \$139,777, as of March 31, 2008. This gives the Village a healthy financial position for the General Fund.

Overall, the Village is in good financial position.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Village's annual report.

#### The Village as a Whole

The following table shows in a condensed format, the net assets as of the current date and compared to the prior year's net assets. Comparative data is not available for assets and liabilities due to the change in accounting formats for the fiscal year ending March 31, 2008 (see note one in the notes to the financial statements).

	Governmental Activities		Business-Type Activities		Total	
	3/31/2008	3/31/2007	3/31/2008	3/31/2007	3/31/2008	3/31/2007
Current Assets	\$ 214,582	\$ 269,035	\$ 416,813	\$ 361,097	\$ 631,395	\$ 630,132
Noncurrent Assets	575,236	525,154	1,366,740	1,434,613	1,941,976	1,959,767
Total Assets	789,818	794,189	1,783,553	1,795,710	2,573,371	2,589,899
Current Liabilities	14,265	46,895	35,795	35,244	50,060	82,139
Noncurrent Liabilities	60,606	60,606	190,324	219,120	250,930	279,726
Total Liabilities	74,871	107,501	226,119	254,364	300,990	361,865
Net Assets:						
Invested in Capital Assets -						
Net of Related Debt	514,631	434,808	961,690	982,523	1,476,321	1,417,331
Unrestricted	200,317	251,880	595,743	558,824	796,060	810,704
Total Net Assets	\$ 714,948	\$ 686,688	\$ 1,557,433	\$ 1,541,347	\$ 2,272,381	\$ 2,228,035

# Village of Peck

## Peck, Michigan

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### The Village as a Whole – Continued

The following table shows the changes of the net assets during the current year:

	<u>Governemntal</u> <u>Activities</u>	<u>Business-Type</u> <u>Acticities</u>	<u>Total</u> <u>March 31, 2008</u>
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 110,426	\$ 268,048	\$ 378,474
Operating Grants & Cont's	43,960	-	43,960
General Revenues:			-
Property Taxes	163,541	-	163,541
State-Shared Revenues	60,972	-	60,972
Interest	12,006	21,429	33,435
Other Revenues	5,263	-	5,263
	<u>396,168</u>	<u>289,477</u>	<u>685,645</u>
<b>Program Expenses</b>			
General Government	\$ 141,033	\$ -	\$ 141,033
Public Safety	56,186	-	56,186
Public Works	195,891	-	195,891
Recreation & Culture	10,511	-	10,511
Interest on Long-Term Debt	1,112	10,105	11,217
Water & Sewer	-	52,860	52,860
	<u>404,733</u>	<u>62,965</u>	<u>467,698</u>
<b>Change in Net Assets</b>	<u>\$ (8,565)</u>	<u>\$ 226,512</u>	<u>\$ 217,947</u>

# Village of Peck

## Peck, Michigan

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### Economic Factors and Next Year's Budget and Rates

The Village of Peck's 2008/2009 adopted budget is as follows:

	<b>General Fund</b>	
	<b>March 31,</b>	
	<b>2009</b>	<b>2008</b>
Fund Balance Surplus	100,000	117,500
<b>Revenue</b>		
General Operations	-	-
Property Taxes	122,200	116,150
Intergovernmental Revenue	63,000	65,500
Charges for Services	84,200	74,700
Grant Proceeds	-	-
Loan Proceeds	-	-
Other	13,000	12,000
Total Revenue Collected	382,400	385,850
<b>Expenditures</b>		
General Government	187,300	128,000
Public Safety - Police	79,600	51,000
Public Works	85,500	110,750
Capital Outlay	-	-
Debt Service	-	-
Transfers	20,000	10,000
Total Expenditures	372,400	299,750
<b>Net Over/Under Budget</b>	<b>\$ 10,000</b>	<b>\$ 86,100</b>

### Contacting the Village

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Village office at the Village Hall in Peck, Michigan or by telephone at (810) 378-5131.

Marvin Longuski  
Village of Peck, President

**Village of Peck**  
Statement of Net Assets (Deficit)  
March 31, 2008

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash & Cash Equivalents	\$ 127,361.69	\$ 395,349.38	\$ 522,711.07
Accounts Receivable	87,220.62	2,667.64	89,888.26
Current Portion of Interfund Receivables	-	18,795.78	18,795.78
Due From Other Governmental Units	-	-	-
Interfund Notes Receivable	-	185,930.03	185,930.03
Capital Assets			
Nondepreciable Capital Assets	15,000.00	103,576.40	118,576.40
Depreciable Capital Assets (Net)	560,236.95	1,077,233.44	1,637,470.39
<b>Total Assets</b>	<b>789,819.26</b>	<b>1,783,552.67</b>	<b>2,573,371.93</b>
<b><u>Liabilities</u></b>			
Accounts Payable	14,265.15	-	14,265.15
Due To Other Funds	-	-	-
Accrued Interest Payable	-	7,000.00	7,000.00
Current Portion of Long-Term Debt	-	28,795.32	28,795.32
Noncurrent Liabilities:			
Long-Term Debt	60,606.00	190,324.25	250,930.25
<b>Total Liabilities</b>	<b>74,871.15</b>	<b>226,119.57</b>	<b>300,990.72</b>
<b><u>Net Assets (Deficit)</u></b>			
Invested in Capital Assets - Net of Related Debt	514,630.95	961,690.27	1,476,321.22
Unrestricted	200,317.16	595,742.83	796,059.99
<b>Total Net Assets (Deficit)</b>	<b>\$ 714,948.11</b>	<b>\$ 1,557,433.10</b>	<b>\$ 2,272,381.21</b>

The notes are an integral part of the statements.



**Village of Peck**  
Statement of Activities  
For the Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Totals
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 141,032.76	\$ 37,527.30	\$ -	\$ -	\$ (103,505.46)	\$ -	\$ (103,505.46)
Public Safety	56,185.97	-	-	-	(56,185.97)	-	(56,185.97)
Public Works	195,890.93	72,898.34	43,959.83	-	(79,032.76)	-	(79,032.76)
Recreation & Culture	10,511.15	-	-	-	(10,511.15)	-	(10,511.15)
Interest on Long-Term Debt	1,111.98	-	-	-	(1,111.98)	-	(1,111.98)
<u>Total Governmental Activities</u>	404,732.79	110,425.64	43,959.83	-	(250,347.32)	-	(250,347.32)
Business-type Activities	152,860.30	157,622.01	-	-	-	4,761.71	4,761.71
Interest on Long-Term Debt	10,105.12	-	-	-	-	(10,105.12)	(10,105.12)
<u>Total Primary Government</u>	<u>\$ 567,698.21</u>	<u>\$ 268,047.65</u>	<u>\$ 43,959.83</u>	<u>\$ -</u>	<u>\$ (250,347.32)</u>	<u>\$ (5,343.41)</u>	<u>\$ (255,690.73)</u>
<b>General Revenues:</b>							
Property Taxes					\$ 163,541.45	\$ -	\$ 163,541.45
State Shared Revenues					60,972.00	-	60,972.00
Interest					12,005.76	21,428.51	33,434.27
Other Revenues					5,263.37	-	5,263.37
Transfers					-	-	-
Total General Revenues, Special Items & Transfers					<u>241,782.58</u>	<u>21,428.51</u>	<u>263,211.09</u>
<b>Change in Net Assets</b>					(8,564.74)	16,085.10	7,520.36
<b>Net Assets (Deficit) - Beginning of Year</b>					<u>723,512.85</u>	<u>1,541,348.00</u>	<u>2,264,860.85</u>
<b>Net Assets (Deficit) - End of Year</b>					<u>\$ 714,948.11</u>	<u>\$ 1,557,433.10</u>	<u>\$ 2,272,381.21</u>

The notes are an integral part of the statements.

**Village of Peck**  
Balance Sheet  
Governmental Funds  
March 31, 2008

	<b>General Fund</b>	<b>Major Street Fund</b>	<b>Local Street Fund</b>	<b>Municipal Street Fund</b>	<b>Moore &amp; Carter Fund</b>	<b>Park Fund</b>	<b>Senior Citizen Fund</b>	<b>Storm Sewer Fund</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>									
Cash & Cash Equivalents	\$ 102,784.05	\$ 5,513.65	\$ 1,780.42	\$ 819.05	\$ 14,930.55	\$ 431.30	\$ 1,082.49	\$ 20.18	\$ 127,361.69
Accounts Receivable	48,962.65	-	-	38,257.97	-	-	-	-	87,220.62
<b>Total Assets</b>	<b>\$ 151,746.70</b>	<b>\$ 5,513.65</b>	<b>\$ 1,780.42</b>	<b>\$ 39,077.02</b>	<b>\$ 14,930.55</b>	<b>\$ 431.30</b>	<b>\$ 1,082.49</b>	<b>\$ 20.18</b>	<b>\$ 214,582.31</b>
<b><u>Liabilities &amp; Fund Equity</u></b>									
<b><u>Liabilities</u></b>									
Accounts Payable	\$ 11,969.67	\$ -	\$ -	\$ 2,295.48	\$ -	\$ -	\$ -	\$ -	\$ 14,265.15
Due To Other Funds	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>11,969.67</b>	<b>-</b>	<b>-</b>	<b>2,295.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,265.15</b>
<b><u>Fund Equity</u></b>									
Fund Balances:									
Reserved for Police Equipment	24,308.00	-	-	-	-	-	-	-	24,308.00
Reserved for DPW Equipment	4,131.00	-	-	-	-	-	-	-	4,131.00
Unreserved - Undesignated	111,338.03	5,513.65	1,780.42	36,781.54	14,930.55	431.30	1,082.49	20.18	171,878.16
<b>Total Fund Equity</b>	<b>139,777.03</b>	<b>5,513.65</b>	<b>1,780.42</b>	<b>36,781.54</b>	<b>14,930.55</b>	<b>431.30</b>	<b>1,082.49</b>	<b>20.18</b>	<b>200,317.16</b>
<b>Total Liab. &amp; Fund Equity</b>	<b>\$ 151,746.70</b>	<b>\$ 5,513.65</b>	<b>\$ 1,780.42</b>	<b>\$ 39,077.02</b>	<b>\$ 14,930.55</b>	<b>\$ 431.30</b>	<b>\$ 1,082.49</b>	<b>\$ 20.18</b>	<b>\$ 214,582.31</b>

The notes are an integral part of the statements.

**Village of Peck**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended March 31, 2008

<b>Total Fund Balances for Governmental Funds &amp; Equipment Fund</b>	\$ 200,317.16
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Amounts reported for governmental activities in the statement of  
net assets (deficit) are different because:

Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	575,236.95
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Long-term bonds payable are not due and payable in the current period and are not reported in the Funds	<u>(60,606.00)</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ 714,948.11</u></u>
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The notes are an integral part of the statements.

**Village of Peck**  
Statement of Revenues, Expenditures  
And Changes in Fund Balances  
Governmental Fund  
For The Year Ended March 31, 2008

	<b>General</b>	<b>Major</b>	<b>Local</b>	<b>Municipal</b>	<b>Moore &amp;</b>		<b>Senior</b>	<b>Storm</b>	<b>Totals</b>
	<b>Fund</b>	<b>Street</b>	<b>Street</b>	<b>Street</b>	<b>Carter</b>	<b>Park</b>	<b>Citizen</b>	<b>Sewer</b>	<b>Governmental</b>
<b><u>Revenues</u></b>		<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
Current Property Taxes	\$ 125,283.48	\$ -	\$ -	\$ 38,257.97	\$ -	\$ -	\$ -	\$ -	\$ 163,541.45
State Shared Revenue	60,972.00	24,510.39	12,592.32	-	-	-	-	-	98,074.71
State Trunk Line	-	6,857.12	-	-	-	-	-	-	6,857.12
Charges for Services	108,845.64	-	-	-	-	-	1,580.00	-	110,425.64
Interest Income	11,093.64	152.41	2.79	558.98	197.76	-	-	0.18	12,005.76
Loan Proceeds	-	-	-	-	-	-	-	-	-
Miscellaneous	3,970.47	854.10	438.80	-	-	-	-	-	5,263.37
<b><u>Total Revenues</u></b>	<b>310,165.23</b>	<b>32,374.02</b>	<b>13,033.91</b>	<b>38,816.95</b>	<b>197.76</b>	<b>-</b>	<b>1,580.00</b>	<b>0.18</b>	<b>396,168.05</b>
<b><u>Expenditures</u></b>									
General Government	128,945.74	-	-	-	-	-	-	-	128,945.74
Public Safety	52,107.77	-	-	-	-	-	-	-	52,107.77
Public Works	88,356.41	25,955.13	21,880.97	38,344.12	-	-	-	3,500.00	178,036.63
Recreation & Culture	-	-	-	-	-	2,770.25	7,740.90	-	10,511.15
Capital Outlay	8,500.00	-	-	75,602.65	-	-	-	-	84,102.65
Debt Service :									-
Principal	29,989.85	-	-	-	-	-	-	-	29,989.85
Interest	1,111.98	-	-	-	-	-	-	-	1,111.98
<b><u>Total Expenditures</u></b>	<b>309,011.75</b>	<b>25,955.13</b>	<b>21,880.97</b>	<b>113,946.77</b>	<b>-</b>	<b>2,770.25</b>	<b>7,740.90</b>	<b>3,500.00</b>	<b>484,805.77</b>
<b><u>Excess of Revenues Over</u></b>									
<b><u>(Under) Expenditures</u></b>	<b>1,153.48</b>	<b>6,418.89</b>	<b>(8,847.06)</b>	<b>(75,129.82)</b>	<b>197.76</b>	<b>(2,770.25)</b>	<b>(6,160.90)</b>	<b>(3,499.82)</b>	<b>(88,637.72)</b>
<b><u>Operating Transfers In (Out)</u></b>	<b>(18,000.00)</b>	<b>(6,127.50)</b>	<b>13,974.50</b>	<b>(3,347.00)</b>	<b>-</b>	<b>3,000.00</b>	<b>7,000.00</b>	<b>3,500.00</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>(16,846.52)</b>	<b>291.39</b>	<b>5,127.44</b>	<b>(78,476.82)</b>	<b>197.76</b>	<b>229.75</b>	<b>839.10</b>	<b>0.18</b>	<b>(88,637.72)</b>
<b><u>Fund Balances - Beginning of Year</u></b>	<b>156,623.55</b>	<b>5,222.26</b>	<b>(3,347.02)</b>	<b>115,258.36</b>	<b>14,732.79</b>	<b>201.55</b>	<b>243.39</b>	<b>20.00</b>	<b>288,954.88</b>
<b><u>Fund Balances - End of Year</u></b>	<b>\$ 139,777.03</b>	<b>\$ 5,513.65</b>	<b>\$ 1,780.42</b>	<b>\$ 36,781.54</b>	<b>\$ 14,930.55</b>	<b>\$ 431.30</b>	<b>\$ 1,082.49</b>	<b>\$ 20.18</b>	<b>\$ 200,317.16</b>

The notes are an integral part of the statements.

**Village of Peck**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended March 31, 2008

**Net Change in Fund Balances - Total Governmental Funds** \$ (88,637.72)

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;  
in the Statement of Activities, these costs are capitalized and  
allocated over their estimated useful lives as Depreciation 84,102.65

Repayment of Bond Principal is an Expenditure in the Governmental  
Funds, but not in the Statement of Activities (where it  
reduces Long-Term Debt) 29,989.85

Loan Proceeds are recognized as revenue in the Governmental Funds,  
but not in the Statement of Activities -

Depreciation is an Expenditure for the Statement of  
Activities, but is not reported in the Governmental Funds (34,019.52)

**Net Assets of Governmental Activities** \$ (8,564.74)

The notes are an integral part of the statements.

**Village of Peck**  
Statement of Net Assets (Deficit)  
Proprietary Funds  
March 31, 2008

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>
<u>Assets</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>Current Assets</u>			
Cash & Cash Equivalents	\$ 166,298.88	\$ 229,050.50	\$ 395,349.38
Accounts Receivable	2,667.64	-	2,667.64
Current Portion of Interfund Receivables	18,795.78	-	18,795.78
Due From Other Funds	-	-	-
<u>Total Current Assets</u>	<u>187,762.30</u>	<u>229,050.50</u>	<u>416,812.80</u>
<u>Noncurrent Assets</u>			
Interfund Notes Receivable	185,930.03	-	185,930.03
Capital Assets not being Depreciated	103,576.40	-	103,576.40
Capital Assets being Depreciated	1,307,933.66	959,075.09	2,267,008.75
Less: Accumulated Depreciation	<u>(677,225.45)</u>	<u>(512,549.86)</u>	<u>(1,189,775.31)</u>
<u>Total Noncurrent Assets</u>	<u>920,214.64</u>	<u>446,525.23</u>	<u>1,366,739.87</u>
<u>Total Assets</u>	<u>1,107,976.94</u>	<u>675,575.73</u>	<u>1,783,552.67</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	-	-	-
Accrued Interest Payable	-	7,000.00	7,000.00
Current Portion of Long-Term Debt	<u>-</u>	<u>28,795.32</u>	<u>28,795.32</u>
<u>Total Current Liabilities</u>	<u>-</u>	<u>35,795.32</u>	<u>35,795.32</u>
<u>Long-Term Liabilities</u>			
Bonds Payable	<u>-</u>	<u>190,324.25</u>	<u>190,324.25</u>
<u>Total Liabilities</u>	<u>-</u>	<u>226,119.57</u>	<u>226,119.57</u>
<u>Net Assets</u>			
Invested in Capital Assets Net of Related Debt	734,284.61	227,405.66	961,690.27
Unrestricted	<u>373,692.33</u>	<u>222,050.50</u>	<u>595,742.83</u>
<u>Total Net Assets</u>	<u>\$ 1,107,976.94</u>	<u>\$ 449,456.16</u>	<u>\$ 1,557,433.10</u>

The notes are an integral part of the statements.

**Village of Peck**  
Statement of Revenues, Expenses, And Changes in Net Assets  
Proprietary Funds  
March 31, 2008

	<b>Enterprise Funds</b>		<b>Total</b>
	<b>Sewer</b>	<b>Water</b>	<b>Enterprise</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
<b><u>Operating Revenues</u></b>			
User Charges & Penalties	\$ 44,218.54	\$ 113,403.47	\$ 157,622.01
Service Connection Charges	-	-	-
<b><u>Total Operating Revenues</u></b>	<b>44,218.54</b>	<b>113,403.47</b>	<b>157,622.01</b>
<b><u>Operating Expenses</u></b>			
Operation & Maintenance	24,828.24	51,294.45	76,122.69
General & Administration	13,400.00	14,260.00	27,660.00
Depreciation	27,039.15	22,038.46	49,077.61
<b><u>Total Operating Expenses</u></b>	<b>65,267.39</b>	<b>87,592.91</b>	<b>152,860.30</b>
<b><u>Operating Income (Loss)</u></b>	<b>(21,048.85)</b>	<b>25,810.56</b>	<b>4,761.71</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Interest Earned	16,407.81	5,020.70	21,428.51
Interest Expense	-	(10,105.12)	(10,105.12)
Sale of Capital Assets	-	-	-
Capital Contribution	-	-	-
Transfers From (To) Other Funds	-	-	-
<b>Change in Net Assets</b>	<b>(4,641.04)</b>	<b>20,726.14</b>	<b>16,085.10</b>
<b><u>Net Assets - Beginning of Year</u></b>	<b>1,112,617.98</b>	<b>428,730.02</b>	<b>1,541,348.00</b>
<b><u>Net Assets - End of Year</u></b>	<b>\$ 1,107,976.94</b>	<b>\$ 449,456.16</b>	<b>\$ 1,557,433.10</b>

The notes are an integral part of the statements.

**Village of Peck**  
Statement of Cash Flows  
Proprietary Funds  
For The Year Ended March 31, 2008

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b><u>Cash Flow From Operating Activities</u></b>			
Receipts from Customers	\$ 44,768.35	\$ 113,403.47	\$ 158,171.82
Payments for Operation, Maintenance, & Water	(24,828.24)	(51,294.45)	(76,122.69)
Payments for General & Administration	(13,400.00)	(14,260.00)	(27,660.00)
<u>Net Cash Provided by Operating Activity</u>	6,540.11	47,849.02	54,389.13
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Operating Transfers In (Out)	-	-	-
<u>Net Cash Provided by Noncapital Financing Activities</u>	-	-	-
<b><u>Cash Flows from Capital &amp; Related Financing Activities</u></b>			
Interest Expense	-	(10,105.12)	(10,105.12)
Net Proceeds from Issuance of Long-Term Debt	18,244.34	(28,244.34)	(10,000.00)
Sale (Purchase) of Capital Assets	-	-	-
<u>Net Cash Provided by Capital &amp; Related Financing Activities</u>	18,244.34	(38,349.46)	(20,105.12)
<b><u>Cash Flows From Investing Activities</u></b>			
Interest received on Investments	16,407.81	5,020.70	21,428.51
<b><u>Net Increase (Decrease) in Cash &amp; Cash Equivalents</u></b>	41,192.26	14,520.26	55,712.52
<b><u>Cash &amp; Cash Equivalents - Beginning of Year</u></b>	125,106.62	214,530.24	339,636.86
<b><u>Cash &amp; Cash Equivalents - End of Year</u></b>	<u>\$ 166,298.88</u>	<u>\$ 229,050.50</u>	<u>\$ 395,349.38</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u></b>			
Operating Income (Loss)	(21,048.85)	25,810.56	4,761.71
Adjustments to Reconcile Operating Income (Loss) from Operating Activities:			
Depreciation	27,039.15	22,038.46	49,077.61
Changes in Assets & Liabilities:			
Receivables	549.81	-	549.81
Accounts Payable	-	-	-
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 6,540.11</u>	<u>\$ 47,849.02</u>	<u>\$ 54,389.13</u>

The notes are an integral part of the statements.



# **Village of Peck**

Notes to the Financial Statements  
For The Year Ended March 31, 2008

The accounting methods and procedures adopted by the Village of Peck, Sanilac County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Village's Comprehensive Annual Financial Report.

## **1. Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Village of Peck was organized in 1903 and is operating under a seven member Council form of government and provides the following services: public safety (police), highways and streets, sanitation, recreation, public improvements, planning and zoning and general administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Village of Peck (the primary government) and its component units. The component units discussed below are included in the Village reporting entity because of the significance of their operational or financial relationships with the Village.

**Component Units** - In conformity with generally accepted accounting principles, there are no component units of government required to be included in the financial reporting entity either as blended component units or discretely presented component units.

### **Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Village (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

**General Fund** - The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Major Street Fund** – The Major Street Fund accounts for maintenance and improvement activities for streets designated as “major” within the Village. Funding is provided primarily through State-shared gas and weight taxes.

**Local Street Fund** – The Local Street Fund accounts for maintenance and improvement activities for streets designated as “local” within the Village. Funding is provided primarily through State-shared gas and weight taxes.

**Municipal Street Fund** – The Municipal Street Fund accounts for maintenance and utilities for streetlights within the Village. Funding is provided primarily through a County and Township millage.

**Village of Peck**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**Moore & Carter Building Fund** – This fund accounts for the donation of a building.

**Park Fund** - This fund accounts for the general maintenance of the Village Park. Funding is provided primarily through contributions from the General Fund.

**Senior Citizen Fund** - This fund accounts for the activities in the Senior Citizen center. Funding is provided primarily through renting the center and contributions from the General Fund.

**Storm Sewer Fund** – This fund accounts for the maintenance of the storm sewer system. Funding is provided primarily through interest earnings.

The Village reports the following major Enterprise Funds & Internal Service Fund:

**Water Fund** - The Water Fund accounts for the activities of the water distribution system. Funding is provided primarily through user charges.

**Sewer Fund** - The Sewer Fund accounts for the activities of the sewage disposal system. Funding is provided primarily through user charges.

**Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Village. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Village does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Village's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Village to hold such investments until they mature.

**Due to and Due from Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

# Village of Peck

Notes to the Financial Statements  
For The Year Ended March 31, 2008

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, and other Compensated Absences** - Vacation days are earned by employees at a rate from 4 to 15 days per year with unused days at year-end being forfeited. Sick days are earned by employees at a rate of five per year. A maximum of 35 unused sick days may be accumulated by an employee. If an employee terminates employment, no sick days are paid. The employees have three paid personal days and seven paid holidays. No provision has been made for accumulated sick pay liability since the amount is immaterial to the financial statements taken as a whole.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Inventories and supplies held by the Water Fund and the Sewer Fund, which are immaterial in amount, have not been recognized. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	30 to 50 years
Water & Sewer Distribution Systems	20 to 75 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Village of Peck**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**Accounting Changes**

**GASB Statement No. 34** – Effective April 1, 2004, the Village implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Village's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Village's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Village's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Village as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

**2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The Village is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds, Debt Service Funds, Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Village actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Village Council as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the major Special Revenue Funds, Debt Service Funds, and Capital Project Funds are presented in the required supplemental information.

**Village of Peck**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**2. Stewardship, Compliance, and Accountability - Continued**

During the year ended March 31, 2008, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b><u>General Fund</u></b>			
General Government - Officials' Salaries	\$ 14,000	\$ 14,937	\$ 937
General Government - Supplies	4,500	4,899	399
General Government - Professional Fees	13,000	13,477	477
Public Safety - Supplies & R&M	2,000	2,875	875
Capital Outlay	6,500	8,500	2,000
<b><u>Major Street Fund</u></b>			
Administration & Record-keeping	1,000	2,426	1,426
<b><u>Local Streets</u></b>			
Administration & Record-keeping	600	1,231	631

**3. Cash and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village Council has designated two banks for the deposit of Village funds. The investment policy adopted by the council is in accordance with Public Act 196 of 1997. The Council has authorized investment in bank accounts, CDs, and bonds, but not the remainder of State statutory authority as listed above. All cash deposits and investments of the Village are held by the Village in the Village's name.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 127,362	\$ 395,349	\$ 522,711

**Village of Peck**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**3. Cash and Investments – Continued**

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 522,711

The bank balance of the primary government's deposits is \$522,711, of which \$289,969 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Village's name.

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. At year end, the Village had approximately \$ 232,742 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not further limit its investment choices.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Federal Farm Credit Bank Bond	\$ 25,375	AAA - AAA	Standard & Poor's
AG Edwards Money Market	196,729	Unrated	

**Village of Peck**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

#### 4. Property Taxes

The Village is responsible for collecting property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of July of the levy year and may be paid by the following August 31.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Village levied the following taxes:

General Operating	10.5337	mills
Municipal Streets	<u>0.5400</u>	mills
Total	<u><u>11.0737</u></u>	

#### 5. Capital Assets

Capital Assets activity of the Village's governmental activities (and business-type) was as follows:

	Balance April 1, 2007	Additions	Disposals & Adjustments	Balance March 31, 2008
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated - Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital Assets Being Depreciated:				
General Government	449,614	-	-	449,614
Public Safety	20,391	-	-	20,391
Public Works	<u>246,683</u>	<u>84,103</u>	<u>-</u>	<u>330,786</u>
Total Capital Assets being Depreciated	638,930	84,103	-	800,791
Accumulated Depreciation:				
General Government	90,813	12,087	-	102,900
Public Safety	10,195	4,078	-	14,273
Public Works	<u>105,526</u>	<u>17,855</u>	<u>-</u>	<u>123,381</u>
Total Accumulated Depreciation	<u>161,285</u>	<u>34,020</u>	<u>-</u>	<u>240,554</u>
<b>Net Governmental Act. Capital Assets</b>	<u>\$ 492,645</u>	<u>\$ 50,083</u>	<u>\$ -</u>	<u>\$ 575,237</u>
<b>Business-type Activities:</b>				
Capital Assets not being Depreciated - Land	\$ 103,576	\$ -	\$ -	\$ 103,576
Capital Assets Being Depreciated:				
Sewage Treatment Plant	1,307,934	-	-	1,307,934
Water Distribution System	<u>959,075</u>	<u>-</u>	<u>-</u>	<u>959,075</u>
Total Capital Assets being Depreciated	2,267,009	-	-	2,267,009
Accumulated Depreciation:				
Sewage Treatment Plant	650,186	27,039	-	677,225
Water Distribution System	<u>490,511</u>	<u>22,038</u>	<u>-</u>	<u>512,549</u>
Total Accumulated Depreciation	<u>1,036,992</u>	<u>49,077</u>	<u>-</u>	<u>1,189,774</u>
<b>Net Business-type Act. Capital Assets</b>	<u>\$ 1,333,593</u>	<u>\$ (49,077)</u>	<u>\$ -</u>	<u>\$ 1,180,811</u>
<b>Total Net Capital Assets</b>	<u><u>\$ 1,826,238</u></u>	<u><u>\$ 1,006</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,756,048</u></u>

**Village of Peck**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**5. Capital Assets - Continued**

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental Activities:</b>		
General Government	\$	12,087
Public Safety		4,078
Public Works		17,855
Total Governmental Activities	\$	<u>34,020</u>
<b>Business-type Activities:</b>		
Sewer Fund	\$	27,039
Water Fund		22,038
Total Business-type Activities	\$	<u>49,077</u>

**6. Interfund Receivables, Payables, & Transfers**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<b><u>Due From Other Funds</u></b>		<b><u>Due To Other Funds</u></b>
Sewer Fund	\$ 60,606	General Fund - M/H Building	\$ 30,606
	<u>-</u>	(L/T Debt) Major Street Fund	<u>30,000</u>
Total	<u>\$ 60,606</u>	Total	<u>\$ 60,606</u>

Interfund Transfers reported in the Fund Statements are as follows:

	<b><u>Operating Transfers In</u></b>		<b><u>Operating Transfers Out</u></b>
Local Streets	\$ 6,128	Major Streets	\$ 6,128
Local Streets	3,347	Municipal Streets	3,347
Local Streets	4,500	General Fund	4,500
Senior Citizen Fund	7,000	General Fund	7,000
Park Fund	3,000	General Fund	3,000
Storm Sewer Fund	3,500	General Fund	3,500

**7. Post Employment Benefits**

The Village does not provide any post employment benefits.

**8. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

NONE



**Village of Peck**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**9. Long-Term Debt**

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
General Obligation Bonds & Contracts						
Tri-County Bank - 2004 Ford Crown Victoria						
Amount of Issue - \$20,391		\$6,607 -				
Maturing through 2007	2.85%	\$6,989	\$ 6,989	\$ (6,989)	\$ -	\$ -
Tri County Bank - Ford NH Backhoe						
Amount of Issue - \$23,000						
Maturing through 2007	3.90%	\$23,000	\$ 23,000	\$ (23,000)	\$ -	\$ -
Interfund Loan - Acquisition of M/C Building						
Amount of Issue - \$30,606						
Maturing terms not established	5.00%	\$30,606	\$ 30,606	\$ -	\$ 30,606	\$ -
Interfund Loan - Major Street Resurfacing						
Amount of Issue - \$30,000						
Maturing terms not established	0.00%	\$30,000	\$ 30,000	\$ -	\$ 30,000	\$ -
<b>Total Governmental Activities</b>			<u>\$ 90,595</u>	<u>\$ (29,989)</u>	<u>\$ 60,606</u>	<u>\$ -</u>
<b>Business-type Activities</b>						
Revenue Bonds & Interfund Loans						
1984 Water Supply System Revenue Refunding Bonds						
Amount of Issue - \$345,000	4.25% -	\$5,000 -				
Maturing through 2024	7.25%	\$25,000	<u>\$ 85,000</u>	<u>\$ (10,000)</u>	<u>\$ 75,000</u>	<u>\$ 10,000</u>
2004 Sewer Fund Loan to Water Fund						
Amount of Issue - \$197,263						
Maturing through 2014	3.00%	\$11,490	<u>\$ 162,364</u>	<u>\$ (18,244)</u>	<u>\$ 144,120</u>	<u>\$ 18,796</u>
<b>Total Business-type Activities</b>			<u>\$ 247,364</u>	<u>\$ (28,244)</u>	<u>\$ 219,120</u>	<u>\$ 28,796</u>
<b>Total Primary Government</b>			<u><u>\$ 337,959</u></u>	<u><u>\$ (58,233)</u></u>	<u><u>\$ 279,726</u></u>	<u><u>\$ 28,796</u></u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending March 31,	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ -	\$ -	\$ 28,796	\$ 8,904	\$ 37,700
2010	-	-	-	29,364	7,681	37,045
2011	-	-	-	29,949	6,435	36,384
2012	-	-	-	30,552	5,165	35,717
2013	-	-	-	31,813	2,546	34,359
2014-2015	-	-	-	68,646	5,059	73,705
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<b>Total</b>	<u><u>\$ 219,120</u></u>	<u><u>\$ 35,790</u></u>
					<u><u>\$ 254,910</u></u>	

The Interfund Loans from Sewer to the Moore & Carter Building Fund and Major Street Fund in the amounts of \$30,606 and \$30,000, respectively are on-demand notes. However, the Village is reporting the loans in long-term debt because it is not expected that the loans will be paid in the foreseeable future.

**Village of Peck**  
Notes to the Financial Statements  
For The Year Ended March 31, 2008

**10. Risk Management**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Village has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

**11. Special Assessments Receivable**

The Village has specially assessed sewer system users to repay refunding bonds issued. The assessments are due over 30 years and bear interest solely to finance construction costs of the sewer system.

### **Required Supplemental Information**

**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
<u>Taxes</u>				
Current Property Tax	\$ 121,200.00	\$ 121,200.00	\$ 125,283.48	\$ 4,083.48
<u>State Shared Revenue</u>	62,000.00	62,000.00	60,972.00	(1,028.00)
<u>Charges for Services</u>				
Administration & Record-keeping	26,000.00	26,000.00	34,842.00	8,842.00
Liquor Licenses	1,200.00	1,200.00	1,105.30	(94.70)
Garbage Collections	27,000.00	26,950.00	25,362.69	(1,587.31)
<u>Total Charges for Services</u>	54,200.00	54,150.00	61,309.99	7,159.99
<u>Interest &amp; Rents</u>				
Equipment & Building Rent	31,000.00	31,000.00	47,535.65	16,535.65
Interest Income	6,000.00	-	11,093.64	11,093.64
<u>Total Interest &amp; Rents</u>	37,000.00	31,000.00	58,629.29	27,629.29
<u>Other Revenues</u>				
Miscellaneous	5,000.00	-	3,970.47	3,970.47
Loan Proceeds	-	-	-	-
<u>Total Revenues</u>	\$ 279,400.00	\$ 268,350.00	\$ 310,165.23	\$ 41,815.23

**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Expenditures</u></b>				
<u>General Government</u>				
Wages	\$ 30,500.00	\$ 31,750.00	\$ 30,792.37	\$ 957.63
Officials' Salaries	14,000.00	14,000.00	14,936.88	(936.88)
Fringe Benefits	8,000.00	8,000.00	5,385.35	2,614.65
Supplies	4,500.00	4,500.00	4,898.55	(398.55)
Professional Fees	5,000.00	13,000.00	13,476.97	(476.97)
Insurance	42,000.00	44,000.00	42,798.51	1,201.49
Utilities/Telephone	5,500.00	5,500.00	4,549.11	950.89
Election	250.00	250.00	-	250.00
Repairs & Maintenance	2,000.00	2,000.00	1,374.31	625.69
Miscellaneous	105,150.00	73,350.00	10,733.69	62,616.31
<u>Total General Government</u>	<u>216,900.00</u>	<u>196,350.00</u>	<u>128,945.74</u>	<u>67,404.26</u>
<u>Public Safety</u>				
Wages	40,000.00	47,000.00	43,027.43	3,972.57
Employee Benefits	10,000.00	10,000.00	3,494.67	6,505.33
Auto Expense	7,500.00	7,500.00	2,395.22	5,104.78
Supplies/Repairs & Maintenance	2,000.00	2,000.00	2,874.73	(874.73)
Miscellaneous	500.00	750.00	315.72	434.28
<u>Total Public Safety</u>	<u>60,000.00</u>	<u>67,250.00</u>	<u>52,107.77</u>	<u>15,142.23</u>
<u>Public Works</u>				
Wages	30,000.00	33,500.00	32,963.79	536.21
Employee Benefits	15,000.00	15,000.00	12,496.12	2,503.88
Supplies	6,000.00	6,000.00	5,343.93	656.07
Repairs/Park Mowing/Sidewalks	5,500.00	5,500.00	2,534.29	2,965.71
Gas & Repairs	7,000.00	11,500.00	11,284.18	215.82
Trash Collection	26,000.00	26,000.00	23,734.10	2,265.90
<u>Total Public Works</u>	<u>89,500.00</u>	<u>97,500.00</u>	<u>88,356.41</u>	<u>9,143.59</u>
Capital Outlay	4,500.00	6,500.00	8,500.00	(2,000.00)
Debt Service - Principal	2,500.00	30,000.00	29,989.85	10.15
Debt Service - Interest	-	2,750.00	1,111.98	1,638.02
<u>Total Expenditures</u>	<u>373,400.00</u>	<u>400,350.00</u>	<u>309,011.75</u>	<u>91,338.25</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	(94,000.00)	(132,000.00)	1,153.48	133,153.48
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(10,000.00)	(30,000.00)	(18,000.00)	12,000.00
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	(104,000.00)	(162,000.00)	(16,846.52)	145,153.48
<b><u>Fund Balance - Beginning of Year</u></b>	<u>104,000.00</u>	<u>162,000.00</u>	<u>156,623.55</u>	<u>(5,376.45)</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,777.03</u>	<u>\$ 139,777.03</u>

**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Major Street Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
State Shared Revenue	\$ 26,000.00	\$ 24,000.00	\$ 24,510.39	\$ 510.39
State Trunk Line Maintenance	8,000.00	6,035.00	6,857.12	822.12
Interest Income	100.00	100.00	152.41	52.41
Miscellaneous	-	2,000.00	854.10	(1,145.90)
<b><u>Total Revenues</u></b>	<b><u>34,100.00</u></b>	<b><u>32,135.00</u></b>	<b><u>32,374.02</u></b>	<b><u>239.02</u></b>
<b><u>Expenditures</u></b>				
Salaries & Wages	5,000.00	5,000.00	1,089.12	3,910.88
Fringe Benefits	2,500.00	2,500.00	1,456.72	1,043.28
Administration & Record-keeping	1,000.00	1,000.00	2,426.00	(1,426.00)
Repairs & Maintenance	10,000.00	12,835.00	8,465.87	4,369.13
Trunk Line Maintenance	11,000.00	11,000.00	9,566.52	1,433.48
Equipment Rent	3,000.00	3,000.00	2,950.90	49.10
Other Expenditures	100.00	100.00	-	100.00
Capital Outlay	-	-	-	-
<b><u>Total Expenditures</u></b>	<b><u>32,600.00</u></b>	<b><u>35,435.00</u></b>	<b><u>25,955.13</u></b>	<b><u>9,479.87</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>1,500.00</u></b>	<b><u>(3,300.00)</u></b>	<b><u>6,418.89</u></b>	<b><u>9,718.89</u></b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(6,500.00)	(6,500.00)	(6,127.50)	372.50
<b><u>Net Change in Fund Balance</u></b>	<b><u>(5,000.00)</u></b>	<b><u>(9,800.00)</u></b>	<b><u>291.39</u></b>	<b><u>10,091.39</u></b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b><u>5,000.00</u></b>	<b><u>9,800.00</u></b>	<b><u>5,222.26</u></b>	<b><u>(4,577.74)</u></b>
<b><u>Fund Balance - End of Year</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,513.65</u></b>	<b><u>\$ 5,513.65</u></b>

**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Local Street Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
State Shared Revenue	\$ 13,500.00	\$ 12,300.00	\$ 12,592.32	\$ 292.32
Interest Income	-	100.00	2.79	(97.21)
Other Revenues	-	700.00	438.80	(261.20)
<u>Total Revenues</u>	<u>13,500.00</u>	<u>13,100.00</u>	<u>13,033.91</u>	<u>(66.09)</u>
<b><u>Expenditures</u></b>				
Salaries & Wages	5,000.00	5,000.00	3,097.50	1,902.50
Fringe Benefits	2,500.00	2,500.00	1,506.01	993.99
Administration & Record-keeping	600.00	600.00	1,231.00	(631.00)
Repairs & Maintenance	5,150.00	15,700.00	10,494.70	5,205.30
Equipment Rent	7,000.00	7,000.00	5,551.76	1,448.24
Other Expenditures	-	-	-	-
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>20,250.00</u>	<u>30,800.00</u>	<u>21,880.97</u>	<u>8,919.03</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>(6,750.00)</u>	<u>(17,700.00)</u>	<u>(8,847.06)</u>	<u>8,852.94</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	6,500.00	16,500.00	13,974.50	(2,525.50)
<b><u>Net Change in Fund Balances</u></b>	<u>(250.00)</u>	<u>(1,200.00)</u>	<u>5,127.44</u>	<u>6,327.44</u>
<b><u>Fund Balance - Beginning of Year</u></b>	<u>250.00</u>	<u>1,200.00</u>	<u>(3,347.02)</u>	<u>(4,547.02)</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,780.42</u>	<u>\$ 1,780.42</u>

**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Municipal Street Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 34,000.00	\$ 36,000.00	\$ 38,257.97	\$ 2,257.97
Interest Income	1,500.00	1,500.00	558.98	(941.02)
<b><u>Total Revenues</u></b>	<b><u>35,500.00</u></b>	<b><u>37,500.00</u></b>	<b><u>38,816.95</u></b>	<b><u>1,316.95</u></b>
<b><u>Expenditures</u></b>				
Public Works	106,300.00	37,000.00	38,344.12	(1,344.12)
Capital Outlay	-	75,500.00	75,602.65	(102.65)
<b><u>Total Expenditures</u></b>	<b><u>106,300.00</u></b>	<b><u>112,500.00</u></b>	<b><u>113,946.77</u></b>	<b><u>(1,446.77)</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>(70,800.00)</u></b>	<b><u>(75,000.00)</u></b>	<b><u>(75,129.82)</u></b>	<b><u>(129.82)</u></b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(4,000.00)	(5,000.00)	(3,347.00)	1,653.00
<b><u>Net Change in Fund Balances</u></b>	<b><u>(74,800.00)</u></b>	<b><u>(80,000.00)</u></b>	<b><u>(78,476.82)</u></b>	<b><u>1,523.18</u></b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b><u>74,800.00</u></b>	<b><u>80,000.00</u></b>	<b><u>115,258.36</u></b>	<b><u>35,258.36</u></b>
<b><u>Fund Balance - End of Year</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 36,781.54</u></b>	<b><u>\$ 36,781.54</u></b>



**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Moore & Carter Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Interest Income	\$ -	\$ -	\$ 197.76	\$ 197.76
<u>Total Revenues</u>	-	-	197.76	197.76
<b><u>Expenditures</u></b>				
Repairs & Maintenance	-	-	-	-
<u>Total Expenditures</u>	-	-	-	-
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	-	-	197.76	197.76
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	-	-	-
<b><u>Net Change in Fund Balances</u></b>	-	-	197.76	197.76
<b><u>Fund Balance - Beginning of Year</u></b>	-	-	14,732.79	14,732.79
<b><u>Fund Balance - End of Year</u></b>	\$ -	\$ -	\$ 14,930.55	\$ 14,930.55

**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Park Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Interest Income	\$ -	\$ -	\$ -	\$ -
<u>Total Revenues</u>	-	-	-	-
<b><u>Expenditures</u></b>				
Recreation & Culture	6,000.00	3,000.00	2,770.25	229.75
<u>Total Expenditures</u>	6,000.00	3,000.00	2,770.25	229.75
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	(6,000.00)	(3,000.00)	(2,770.25)	229.75
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	6,000.00	3,000.00	3,000.00	-
<b><u>Net Change in Fund Balances</u></b>	-	-	229.75	229.75
<b><u>Fund Balance - Beginning of Year</u></b>	-	-	201.55	201.55
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431.30</u>	<u>\$ 431.30</u>

**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Senior Citizen Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Rental Income	\$ 1,500.00	\$ 1,000.00	\$ 1,580.00	\$ 580.00
Interest Income	120.00	-	-	-
<u>Total Revenues</u>	<u>1,620.00</u>	<u>1,000.00</u>	<u>1,580.00</u>	<u>580.00</u>
<b><u>Expenditures</u></b>				
Recreation & Culture	22,140.00	10,200.00	7,740.90	2,459.10
<u>Total Expenditures</u>	<u>22,140.00</u>	<u>10,200.00</u>	<u>7,740.90</u>	<u>2,459.10</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	(20,520.00)	(9,200.00)	(6,160.90)	3,039.10
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	6,000.00	9,000.00	7,000.00	(2,000.00)
<b><u>Net Change in Fund Balances</u></b>	(14,520.00)	(200.00)	839.10	1,039.10
<b><u>Fund Balance - Beginning of Year</u></b>	<u>14,520.00</u>	<u>200.00</u>	<u>243.39</u>	<u>43.39</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,082.49</u>	<u>\$ 1,082.49</u>

**Village of Peck**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Storm Sewer Fund  
For The Year Ended March 31, 2008

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Interest Income	\$ -	\$ -	\$ 0.18	\$ 0.18
<u>Total Revenues</u>	-	-	0.18	0.18
<b><u>Expenditures</u></b>				
Public Works	300.00	3,500.00	3,500.00	-
<u>Total Expenditures</u>	300.00	3,500.00	3,500.00	-
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	(300.00)	(3,500.00)	(3,499.82)	0.18
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	3,500.00	3,500.00	-
<b><u>Net Change in Fund Balances</u></b>	(300.00)	-	0.18	0.18
<b><u>Fund Balance - Beginning of Year</u></b>	300.00	-	20.00	20.00
<b><u>Fund Balance - End of Year</u></b>	\$ -	\$ -	\$ 20.18	\$ 20.18

## **Other Supplemental Information**

**Village of Peck**  
Other Supplemental Information  
Schedule of Indebtedness  
March 31, 2008

Dated: April 1, 2004  
Original Issue: \$197,263

**2004 Sewer Fund Loan to Water Fund**

Interest Rate	Date of Maturity	Principal Outstanding March 31,		Remaining Annual Interest Payable
		2008	2007	
3.00%	4/1/2007	\$ -	\$ 9,054.26	\$ -
3.00%	10/1/2007	-	9,190.08	-
3.00%	4/1/2008	9,327.93	9,327.93	2,161.80
3.00%	10/1/2008	9,467.85	9,467.85	2,021.88
3.00%	4/1/2009	9,609.87	9,609.87	1,879.86
3.00%	10/1/2009	9,754.01	9,754.01	1,735.72
3.00%	4/1/2010	9,900.32	9,900.32	1,589.41
3.00%	10/1/2010	10,048.83	10,048.83	1,440.90
3.00%	4/1/2011	10,199.56	10,199.56	1,290.17
3.00%	10/1/2011	10,352.56	10,352.56	1,137.17
3.00%	4/1/2012	10,507.84	10,507.84	981.89
3.00%	10/1/2012	10,665.46	10,665.46	824.27
3.00%	4/1/2013	10,825.44	10,825.44	664.29
3.00%	10/1/2013	10,987.82	10,987.82	501.91
3.00%	4/1/2014	11,152.64	11,152.64	337.09
3.00%	10/1/2014	11,319.90	11,319.90	337.09
Total Revenue Bonds		\$ 144,120.03	\$ 162,364.37	\$ 16,903.45

**Water Supply System Revenue Refunding Bonds**  
**Interest Payable June 1 and December 1**

Dated: September 1, 1992  
Original Issue: \$345,000

Interest Rate	Date of Maturity	Principal Outstanding March 31,		Remaining Annual Interest Payable
		2008	2007	
6.60%	6/1/2007	\$ -	\$ 10,000.00	\$ -
6.75%	12/1/2007	-	-	-
6.75%	6/1/2008	10,000.00	10,000.00	2,522.50
6.90%	12/1/2008	-	-	2,197.50
6.90%	6/1/2009	10,000.00	10,000.00	2,197.50
6.90%	12/1/2009	-	-	1,867.50
7.00%	6/1/2010	10,000.00	10,000.00	1,867.50
7.00%	12/1/2010	-	-	1,537.50
7.00%	6/1/2011	10,000.00	10,000.00	1,537.50
7.10%	12/1/2011	-	-	1,200.00
7.10%	6/1/2012	10,000.00	10,000.00	1,200.00
7.10%	12/1/2012	-	-	862.50
7.25%	6/1/2013	10,000.00	10,000.00	862.50
7.25%	12/1/2013	-	-	517.50
7.25%	6/1/2014	15,000.00	15,000.00	517.50
Total Revenue Bonds		\$ 75,000.00	\$ 85,000.00	\$ 18,887.50
Total Business-type Activities Bonds		\$ 219,120.03	\$ 247,364.37	\$ 35,790.95

**Village of Peck**  
Other Supplemental Information  
Schedule of Indebtedness  
March 31, 2008

**Tri-County Bank**  
**2004 Ford Crown Victoria**

Dated: August 17, 2004  
Original Issue: \$20,391

<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Principal Outstanding March 31,</b>		<b>Remaining Annual Interest Payable</b>
		<b>2008</b>	<b>2007</b>	
2.85%	8/17/2007	\$ -	\$ 6,989.00	\$ -
Total Loan Payable		\$ -	\$ 6,989.00	\$ -

**Tri-County Bank**  
**2007 Ford NH Backhoe**

Dated: December 11, 2006  
Original Issue: \$23,000

<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Principal Outstanding March 31,</b>		<b>Remaining Annual Interest Payable</b>
		<b>2008</b>	<b>2007</b>	
3.90%	12/11/2007	\$ -	\$ 23,000.00	\$ -
Total Loan Payable		\$ -	\$ 23,000.00	\$ -

**Interfund Loans**

	<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Principal Outstanding March 31,</b>		<b>Remaining Annual Interest Payable</b>
			<b>2008</b>	<b>2007</b>	
<u>Sewer Fund - M/C Building</u>	5.00%	Open	\$ 30,606.00	\$ 30,606.00	\$ -
<u>Major Street Fund</u>	0.00%	Open	30,000.00	30,000.00	-
<u>Total Interfund Loans</u>			\$ 60,606.00	\$ 60,606.00	\$ -

<u>Total Revenue Bonds, Notes Payable, &amp; Interfund Loans</u>	<u>\$ 279,726.03</u>	<u>\$ 337,959.37</u>	<u>\$ 35,790.95</u>
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**LEHN L. KING**  
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

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Phone 989-635-3113  
Fax 989-635-5580

May 9, 2008

**Village of Peck**  
P. O. Box 317  
30 E. Lapeer  
Peck, MI 48466

To Members of the Council:

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Peck for the year ended March 31, 2008, and have issued my report thereon dated May 13, 2008. Professional standards require that I provide you with the following information related to my audit.

**My Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in my engagement letter dated September 25, 2007, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

**Planned Scope and Timing of the Audit**

I performed the audit according to the planned scope and timing previously communicated to you.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Peck are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending March 31, 2008. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.



Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

#### **Audit Adjustments (Corrected and Uncorrected Misstatements)**

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

#### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated May 9, 2008.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

### ***Communication of Significant Deficiencies and Material Weaknesses***

In planning and performing my audit of the financial statements, as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, I considered the Village of Peck's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies and other deficiencies that I consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I considered the following deficiencies to be significant deficiencies in internal control:

**Preparation of Financial Statements** - Management prepares internal financial information to assess operations and the financial position of the Village of Peck on an ongoing basis. Although the internal financial information is sufficient to operate the Village, it is not presented in accordance with generally accepted accounting principles. The Village contracts with me, the auditor, to draft the financial statements, including all necessary notes, in accordance with generally accepted accounting principles, since it does not retain staffing that currently have the expertise. I believe this meets the definition of a material weakness under *Statement on Auditing Standards 112*.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The AICPA Auditing Standards Board issued Statements on Audit Standards (SAS) 112 which establishes standards and provides guidance on communicating matters related to an entity's internal control over financial reporting and is effective for periods ending after December 15, 2006. According to SAS 112, it is considered to be a control deficiency if a client I am auditing has ineffective controls over the preparation of their financial statements such that client controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of the financial statements, including the related footnotes.

**Accrual Adjustments** – During the audit, I generally provide significant assistance in identifying and posting accrual adjustments to the accounting records. Accruals represent any adjustments other than cash that impact the accounting records. I bring this to your attention since it meets the above definition on a matter to be communicated.

**Segregation of Duties** - The relative size of the Village of Peck limits the extent to which the officials can segregate duties and responsibilities which impairs the basic premise that no one individual should have access to both the physical assets and the related accounting records (or all recording tasks of a transaction from inception to completion).

The Village has implemented mitigating controls to strengthen internal controls and the segregation of duties; however, it must be recognized that the risk of intentional or unintentional errors could be made and not detected in a timely manner.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Peck's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe the significant deficiencies described above to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Peck's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Council of the Village of Peck, and Federal and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Lehn King*

Lehn L. King  
**Certified Public Accountant**